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S E C R E T SECTION 01 OF 02 BRUSSELS 001058

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SIPDIS

TREASURY FOR U/S LEVEY, NSC FOR ELIZABETH SHERWOOD-RANDALL

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TAGS: [PARM](#) [PREL](#) [ETTC](#) [IR](#) [EUN](#) [EWWT](#) [KNNP](#)

SUBJECT: IRAN, PSI, AND THE EU: IS IT TIME TO LET THE EU
IN? (S//NF)

REF: A. 08 USEU BRUSSELS 1824

[1](#)B. NICOSIA 125

[1](#)C. NICOSIA 108

[1](#)D. NICOSIA 106

[1](#)E. NICOSIA 104

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Classified By: Pol M-C Christopher Davis for reasons 1.4 (b) and (d).

[1](#)1. (S//NF) Summary/Comment: The EU's growing role in European maritime security and non-proliferation policy makes it increasingly in our interest to enlist the EU in the Proliferation Security Initiative (PSI). New EU initiatives and a formal EU role in PSI could help compel stronger action by Member States in future cases similar to the MV Monchegorsk incident. Formal EU participation would also allow PSI to benefit from the EU's increased role in maritime surveillance, should help promote inter-operability, and could provide additional EU funds for PSI-related capacity-building. Further, we can and should leverage the EU's desire to join PSI to gain additional EU designations against Iranian proliferators, including in particular in the maritime area. The EU will again raise the PSI issue at the September U.S.-EU nonproliferation and disarmament troika. We can seize this opportunity to signal an openness to EU participation while emphasizing the need for the EU to fulfill its associated responsibilities. End Summary/Comment.

Continued EU Interest

[1](#)2. (C) In a meeting with USEU on July 28, the EU's nonproliferation envoy, Annalisa Giannella, relayed the EU's long-standing request for full participation in the PSI, signaling the EU's intention to broach the issue again during the U.S.-EU nonproliferation troika meeting in early September. Giannella, fully aware the U.S. has traditionally resisted an EU role in PSI as the EU institutions in Brussels lack the operational ability to interdict shipments, argued that EU law and/or common positions affect how EU Member

States act in support of PSI. She said EU initiatives could directly support PSI's mission if the European Union were fully involved, mentioning in particular EU oversight of customs and border control issues (REF A). Since 2004, the EU has had an agreed common position supporting PSI and endorsing the Statement on Interdiction Proliferation in the 2004 U.S.-EU Declaration. However, the EU has not aligned economic sanctions are still the EU's principal tool against Iranian proliferation. PSI put a greater political imperative on the EU and its Member States to interdict arms shipments. For instance, EU Member State Cyprus hesitated to intervene earlier this year to inspect and offload the MV Monchegorsk, a Cypriot-flagged, IRISL-chartered vessel carrying arms from Iran to Syria (REFS B-E). The EU collectively had no official standing to ensure Cyprus acted in accordance with its obligations, leaving our European partners to rely on pressure from various individual EU countries (REF C). With an IRISL subsidiary now reportedly

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IN? (S//NF)

purchasing three vessels that fly Cypriot flags, a similar incident could occur again, this time involving WMD or delivery systems covered by PSI. We could bring additional political pressure to bear on Cyprus -- or another EU Member State involved in such a case -- by providing information to the EU collectively through PSI.

14. (C) Moreover, the EU is increasingly developing competencies that could make it an effective partner in PSI. Both the European Commission and the European Defense Agency are developing programs to make EU Member State maritime surveillance systems interoperable. This would aid the exchange of information among Member States on all issues of maritime security, from drug trafficking to proliferation. It also implies a collective EU role in an area central to PSI's mandate, and the potential need to use that conduit to encourage the EU to adopt systems compatible with our own. In addition, the EU's maritime legislation, passed this spring, includes directives on flag state requirements and port state control, as well as on combating maritime terrorism, giving the EU more direct oversight of Member States' implementation of these PSI-related issues. The EU Council Secretariat and European Commission also oversee a number of non-proliferation and maritime capacity-building initiatives. If we involved the EU in PSI formally, we could tap into these funding sources -- as well as any new programs under the maritime legislation -- for additional PSI-related capacity-building programs both for EU Member States and non-EU countries.

15. (C//NF) Furthermore, the desire of the EU institutions to join PSI provides us leverage to gain EU action in other non-proliferation areas. Obviously, we would want to start any discussion of EU involvement by asserting that involvement entails an obligation to act quickly and vigorously in future cases like that of the Monchegorsk, but involving WMD or delivery systems. We could also seize the opportunity to press the EU for additional Iran proliferation sanctions designations and/or to build the context for a future UNSCR with a shipboarding component. We could make clear to the EU that we approach Iranian proliferation activity holistically, and that our partners must exercise vigilance not only against arms shipments, but also against proliferation finance and sanctions evasion.

16. (S//NF) The EU will raise PSI at the September U.S.-EU Nonproliferation Troika meeting. In advance of that, Washington should consider reviewing the U.S. stance on EU membership in PSI, and how we can use the opportunity to highlight the importance of concrete, timely actions to halt WMD proliferation. As the clock runs out on an Iranian response to the P5+1 and U.S. offers of meaningful engagement, now is the time to consider equipping the EU with additional tools to restrict Iranian and other proliferation activities. End Comment.

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